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SUBJECT: ROMANIA: SUBWAY STRIKE GRIDLOCKS BUCHAREST ON EVE OF ELECTION

Sensitive But Unclassified; not for Internet distribution.

**¶1.** (SBU) Workers in the Bucharest subway system (state-owned Metrorex) went on strike November 17, forcing the system's 650,000 daily riders to find alternate means of transportation and producing traffic gridlock in many areas of the city. Metrorex's 4,250 employees are demanding a 20 percent salary increase, on top of the 23 percent raise they received in 2008. Weeks of negotiations with the Government of Romania (GOR) have failed to produce an agreement, and the Ministry of Transport has insisted to Metrorex union leaders that no salary adjustments can be contemplated until a 2010 budget is approved, likely not until early next year. The union dismisses this argument, noting that a final Metrorex budget for 2009 has never been approved, and is vowing to strike indefinitely until its demands are met.

**¶2.** (SBU) Under Romanian law, essential means of public transport such as the subway must maintain service at one third of usual levels even during a strike, so Metrorex employees announced that trains would run only after 4:00 p.m. (i.e., the latter third of a usual service day). Following the pattern of the last Metro strike in 2005, however, the Government will likely seek an emergency court ruling forcing the union to operate trains throughout the day, but at one third of normal frequency. In either case, hundreds of thousands of Bucharest residents face the unhappy prospect of schedule delays, jam-packed trains and buses, and much-worse-than-usual traffic until the strike is resolved.

**¶3.** (SBU) Media commentators have speculated widely about the timing of the strike less than a week before the November 22 presidential election, with the possibility of depressed voter turnout (not to mention sour moods) in the capital if the strike persists through the weekend. Interim Minister of Transport Radu Berceanu and other PD-L politicians charge that the strike is politically motivated, noting that Metro union leader Ion Radoi is a former PSD senator and that the union has strong affiliation with the Social Democrats.

**¶4.** (SBU) The GOR's agreement with the IMF further complicates matters. In order to bring deficit spending under control, the IMF is insisting that the Government drastically cut losses by state-owned enterprises. These include Metrorex, which receives more than half its annual budget from state subsidies and which in turn devotes more than half the budget to personnel costs. If the GOR is serious about meeting the IMF targets in 2010 then many Metrorex employees will be lucky just to keep their jobs, and double-digit wage increases will be out of the question.

**¶5.** (SBU) Comment: After months of rising tensions between the Government and unions over impending measures under the IMF agreement to cut public sector costs, the Metrorex strike is the first labor action with broad impact on the general populace. Not only could the strike influence voter sentiment in the capital, but how the caretaker government resolves the problem has real implications for future implementation of the IMF accord no matter who wins the election. As the GOR grapples with this strike, other public sector unions will be watching very closely. End comment.

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